LOK SABHA

Friday, August 30, 1991 /Bhadra 8, 1913 (Saka)

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER *in the Chair*]

OBITUARY REFERENCE

[*English*]

MR. SPEAKER: Hon. Members, I have to inform the House of the sad demise of one of our former colleagues Shri Samar Brahma Choudhury.

Shri Choudhury represented Kokrajhar constituency of Assam in the Eighth Lok Sabha from December, 1985 to November, 1989. Earlier, he had served with distinction as a member of the Assam Legislative Assembly and a Minister in the State Council of Ministers.

Shri Choudhury was an active political and social worker. He served as President of Kachugaon Anchalik Panchayat during 1964-67. He was associated with various social and students' institutions in different capacities.

Shri Choudhury actively worked for improving the lot of the weaker sections of the society, particularly the tribals of the State. He organised the Plains Tribals Council of Assam of which he was the President. Shri Choudhury worked for the reconstruction of social, economic and political fabric of the Bodos.

Shri Choudhury edited a Bodo weekly "RADAB" and authored a number of pamphlets in Assamese.

Shri Choudhury Lost his life in tragic circumstances when he fell to an assassin's bullet on 27 August, 1991 at Guwahati at the age of 59.

While condemning the militants' activities in various parts of the country, we deeply mourn the loss of this friend and I am sure the House will join me in conveying our condolences to the bereaved family.

The House may now stand in silence for a short while as a mark of respect to the deceased.

(*The Members then stood in silence for a short while*)

ORAL ANSWERS TO QUESTIONS

Income Tax Arrears

[*English*]

*630 SHRI RAM KAPSE: Will the Minister of FINANCE be pleased to state:

(a) the amount in arrears on account of income tax as on March 31, 1990;

(b) the steps taken or proposed to be

taken by the Government to recover these arrears; and

(c) the reasons leading to accumulation of these arrears?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) to (c). A statement is laid on the Table of the House.

STATEMENT

(a) The Income Tax arrears as on March 31, 1990 amounted to Rs. 6958 crores (provisional).

(b) Appropriate measures are continuously taken to reduce the arrears. Some of the important measures are:-

(i) Targets have been laid down for collection/reduction of arrears and current demands in the Central Action Plan of the Income-tax Department. Performance of each Chief Commissioner's region is regularly monitored by the Central Board of Direct Taxes.

(ii) Dossiers of bigger demands are reviewed every quarter by the Commissioner of Income tax and by the higher authorities.

(iii) Chief Commissioners of Income tax have been directed to monitor the disposal of top 100 first appeals pending with the Commissioners (Appeals) in their region.

(iv) Chief Commissioners have also been advised to ensure that assessments involving big demands are finalised by the end of December, 1991.

(v) They have also been advised that President/Vice President of Income Tax Appellate Tribunal should be requested to take appeals involving large demands for expeditious disposal.

(vi) In cases where large demands have been stayed by courts, the Chief Commissioners have been advised to get the stay vacated, wherever possible. A a result of these measures, the arrear demand as on 31-3-1990 was reduced by Rs. 3596 crores upto 31-3-1991. After including arrears of the current demand raised between 1.4.1990 to 31.3.1991 on completion of income tax assessments, the total outstanding demand as on 31.3.1991 was Rs. 6560 crores (provisional) as against Rs. 6958 crores as on 31.3.1990.

(c) The main reasons leading to the accumulation of these arrears are:-

(i) A sizeable portion of the current demand does not become due for payment by 31st March, although it is included in the figure of outstanding arrears at the end of the year.

(ii) There has been an increase in the current demand over the years as indicated below:-

Sl. No.	*Financial Year*	*Current demand raised (Rs. in crores)*
1	*2*	*3*
1	1985-86	6171
2	1986-87	6913

1	2	3
3	1987-88	7266
4	1988-89	9449
5	1989-90	12482
6	1990-91	12462

A substantial portion of the current demand raised is disputed in appeals.

(iii) Disputed demand remains uncollected till the disputes are finalised. Litigation pending in the Courts, Tribunals or before the Income-tax Appellate authorities and Settlement Commission takes a long time to be finalised and till such finalization, similar demands are created in subsequent years also.

(iv) The audit objections raised by Audit which are not accepted by the Department also result in creation of demand since remedial action on the audit objections is invariably taken as an abundant precaution.

(v) At times, demand is stayed/kept in abeyance till finalization of disputes. Instalments for payment of taxes are also granted to the tax payers who have genuine financial difficulties.

(iv) In a number of cases, the recovery of demand becomes difficult or doubtful and ultimately the demand has to be written off. Such cases include companies in liquidation, cases in which insolvency proceedings are taking place, assesses who have left India and who have no known assets, cases of smugglers where assets have been confiscated, companies which had become sick, cases of name-lenders, cases where demands cannot be realized for various reasons of genuine hardship etc.

SHRI RAM KAPSE: The income-tax arrears as on 31st March, 1990 amounted to Rs. 6,958 crores. It has been given in the reply that appropriate measures are continuously taken and one of the measures is the Chief Commissioners have also been advised to ensure that assessments involving big demands are finalised by the end of December, 1991. I would like to know as to the part of the assessment involving big demands? How much is the exact amount of the assessments involving big demands?

SHRI RAMESHWAR THAKUR: The total figure of Rs. 6958 crores comprises of various types of demands. The question is that this demand and other demands are actually in 4-5 categories and I would like the hon. Member to appreciate what is the position in regard to the various categories. Out of Rs. 6958 crores as on March 31, 1990, about Rs. 3,747 crores being about 54 per cent were not realizable as on that date. The break-up is:

(i) Demand not fallen due	Rs. 1,927 crores.
(ii) Demand stayed by various authorities including courts	Rs. 1,627 crores.

(iii)	Demand covered by instalments (i.e., the Department gives instalments)	Rs.	92 crores.
(iv)	Amount claimed to have been paid but verification awaited	Rs.	101 crores.
	Total		3747 crores.

The balance demand is only about Rs. 3211 crores in which there are certain cases where appeals are in dispute at various stages. Some of them are covered by appeals at various levels, departmental appeals and though formal stay has not been granted like the CIT (appeals)/DC (appeals), the cases are pending. And there are other cases where rectification applications are awaited. We have got challans of the arrears, the departmental challans in some cases have not been received. So, Rs. 105 crores comprise of that. What the hon. Member wanted to know is about the remaining. Out of the remaining what we have done is, all demands above Rs. one lakh are considered to be arrears for which a dossier should be maintained by the Commissioner of Income-Tax (Individual) and they are very regularly being monitored. What we have said is that among the appeals pending, about 101 appeals should be taken up by the Chief Commissioners in each zone of their area and they should expedite their assessment and completion by 31st December 1991, i.e , the assessments involving big demands in each zone. The details under each zone would not be available here. If the Member wants the details, I would like to have a notice on the basis of which I can give details of various Chief Commissioners throughout the country.

SHRI RAM KAPSE: Hon. Speaker, Sir, I had asked a specific question because they have a different category altogether, and they have mentioned in the reply that the Chief Commissioners have also been advised to ensure that assessments involving big demands are finalised by the end of December 1991. I never asked, 'Chief Commissioner, Why?' I never asked that. I asked about the total amount involved in big assessments which make different part altogether. Please give me that information here and now because I do not want it in writing because that is a specific question and that is a different category.

SHRI RAMESHWAR THAKUR: Sir, the question is about big assessments. These assessments are of different-categories individuals, firms, HUF and corporate sector, i.e., companies, and they are spread in different areas. It is not that we have one figure at one place of the big assessments.

SHRI RAM KAPSE: But the nation is one. (*Interruptions*)

SHRI RAMESHWAR THAKUR: We have given here all this. If you like, I can give you about 20 big cases we have, where the assessments are pending and are being expedited at various stages, but it will take the time of the House. If you so permit me, I can say, for instance, we have got complete details of about 20 biggest cases available. GTC Industries, Bombay-this is a Central one in Bombay, assessment of various years up to the year 1990-91-we have got the figure of total demand which is Rs. 132 lakhs... But not admissible demand that is, where they are stayed by the courts, is Rs. 107.68 lakhs and the net demand is about Rs. 74 lakhs. This year we have got a further break-up, i.e., the break up of those where the appeals from the year 1984-85 up to 1987-88 are pending. (Interruptions)

MR. SPEAKER: Mr. Minister, he wants to know whether it is possible for you to give the amount which is in arrears, which relates to the big people.

SHRI RAMESHWAR THAKUR: There is no...(*Interruptions*)

MR. SPEAKER: You don't have them.

(*Interruptions*)

SHRI RAM KAPSE: He could have given them. But he is going into details of the 20 cases. (*Interruptions*)

MR. SPEAKER: He does not want to give the names of all the 20 cases on the floor of the House, but the amount should be given.

SHRI RAMESHWAR THAKUR: His question was not specific. If he asks a specific question, then I can collect it and give it to the hon. Member.

SHRI RAM KAPSE: My question was specific. He is not having the information. That is alright. But my question was specific and my supplementary was also specific. I had asked the amount in arrears on account of income tax as on March 31, 1990. If he is not having the information, you can condone it

SHRI RAMESHWAR THAKUR: The question was not about figures. You have been good enough to ask arrears.

SHRI RAM KAPSE: When the category is mentioned about the big assessment, then the Minister should have the amount. That is my contention. But the Speaker will decide about it.

Now, I would put my second supplementary. Appropriate measures are continuously taken to reduce the arrears.That has been going on for years together. After the experience of all these years , what new measures are you going to take in the new era which you are bringing up? The other thing is, recovery of demand becomes difficult or doubtful and is written off. What is the number in this category for the last three years?

SHRI RAMESHWAR THAKUR: Sir, so far as the first part of the question is concerned, it is not that we have a static figure at one stage over these demands. Every year, we have got different figures as the arrears of demand. We are trying to realize certain portions which are not deputed out of the arrears of demand. Then, there are others which are in the process of appeals. We are trying to see that the appeals are being expedited. We have requested the Chief Commissioners of each zone to ensure and see that priority Is given to these cases and hearing is completed and once the hearing is completed, we will know as to what are the effects of the decision, where relief is granted and where relief is not granted. If the hon. Member would like to know, I would say, in this connection, that the actual figure of Rs. 6,958 crores, seems to be very big and alarming. But in actual practice, for the year ending on 31st March, 1990, out of ths Rs. 6,958 crores, Rs. 3,596 crores, that is about 52 per cent, were disposed of during the current financial year. That comprises two parts. One is cash collection to the extent of Rs. 702 crores which we have collected and the other is, out of the effect of the appeals, we have given relief of Rs. 2,894 crores. If we take this undisputed demand and the relief given in appeals, the undisputed demand is not much and we have realised about Rs. 702 crores. Similarly, efforts are being made at various levels, first at the level of Commissioners themselves, then at the level of chief Commissioners to monitor the performance. Then, on receipt of quarterly reports, if the amount is more than Rs. One crore, then the Board exercises its powers. Now, we have said that these reports should be given every month and we are examining it.

MR. SPEAKER: So, you are monitoring it.

SHRI RAMESHWAR THAKUR: Yes, Sir, We are very effectively monitoring it.

SHRI NIRMAL KANTI CHATTERJEE: Sir, what are the figures, if the current arrears are excluded?

MR. SPEAKER: I think he gave a pretty long reply and probably you have not paid attention.

SHRI NIRMAL KANTI CHATTERJEE:

What are the arrear figures for the current year?

MR. SPEAKER: The hon. Minister gave a pretty long reply.

SHRI NIRMAL KANTI CHATTERJEE: No.

MR. SPEAKER: Then you are not paying attention to it.

SHRI SOMNATH CHATTERJEE: There are mal-functions.

SHRI NIRMAL KANTI CHATTERJEE: There are arrears which are considered to be not recoverable. What is the amount of those arrears?

Is it not true that the old arrears are also increasing every year? If so, the earlier measures which you have listed out appear to be not adequate to handle this problem- One of the ideas that I am suggesting is why don't you talk to the big people for whom your liberalisation scheme is going on directly from the Government itself.

SHRI RAMESHWAR THAKUR: There are two parts to this question. As regards the first part, in fact, in the year, 31st March, 1991 as compared to 31st March, 1990 the arrears have decreased by nearly Rs. 400 crores. So, it is not increasing.

Secondly, as regards the write-off, I would like to mention that the write-off in the year, 1989-90 was Rs. 15.50 crores. During 1990-91, we have Rs. 4,64,00,000 only.

If we take the age of the arrears, it gives such an impression that they are lying from a long time but it is not so. The arrears over one year are about Rs. 59.54 crores which is considered to be normal.

MR. SPEAKER: Mr. Minister, the hon. Member wants to know whether you are going to say something about the assessees.

SHRI RAMESHWAR THAKUR: We have liberalised the economic and other policies. We are keen that all the amounts due to us should be paid to us in time.

SHRI SHRAVAN KUMAR PATEL: Since every relief by way of raising the income-tax limit results in larger tax collection and lowering the tax arrears.....

MR. SPEAKER: The hon. Minister is talking about arrears.

SHRI SHRAVAN KUMAR PATEL: I have nothing to ask about arrears. This is about exemption limit.

MR. SPEAKER: Mr. Minister, are you interested in replying? Mr. Patel, you complete your question.

SHRI SHRAVAN KUMAR PATEL: May I know the justification for not raising the income-tax exemption limit in proportion to the decline in the purchasing power of the rupee, since the exemption limit was last fixed, so as to help the honest tax-payer?

May I also know the extent of decline in the purchasing power of rupee during the period?

MR. SPEAKER: Do you think it is relevant?

SHRI RAMESHWAR THAKUR: We have already reduced the tax rate consistent with our policy?

So far as the Budget for the current year is concerned, there is no increase in the rates of income-tax or wealth tax or gift tax.

So far as the minimum limit is concerned, that has been maintained because if we do not do so, a large number of people would not be there in the tax net and that will create many problems in putting leakages of revenue for which the Government is not prepared at the moment.

[*Translation*]

SHRI UPENDRA NATH VERMA: How many persons have been arrested in con-

nection with the recovery of income-tax dues and what is the amount of assets and property that has been attached? In rural areas such arrests and attachment of property are undertaken even when income-tax dues amount only of Rs. 100 or Rs. 200. Will the Government take the same step when the income-tax dues are in crores of rupees?

SHRI RAMESHWAR THAKUR: The Government is taking action on such cases. As regards the recovery of dues, we are not able to take action promptly because of legal complications that come about through High Courts. Where there are no such hurdles, the Government activity pursues the case and recovers the dues. No concession is given in such cases.

SHRI UPENDRA NATH VERMA: I want to know the number of people arrested in connection with the recovery of income-tax dues, and the extent to which property and assets have been attached?

SHRI RAMESHWAR THAKUR: Sir, the relevant information is not available at the moment. If the hon. Member writes to me, the information will be supplied to him.

MR. SPEAKER: Hon. Member, please give it to him in writing.

(*Interruptions*)

[*English*]

SHRI RAM NAIK: Sir, the Government is trying to recover the tax arrears. That should be done. I have no quarrel about that. All taxes should be recovered as early as possible. The small tax-payers are filing their returns. In recovering the big amount, the finalisation of cases of the small tax-payers are being kept for years together. In respect of small amounts, there are cases which are pending for eight years, 10 years and like that. In respect of the small tax-payers, will the Government ensure that all such cases are finalised quickly? Of course, there is the question a stay granted by the High Court etc. I understand that. Except the cases where the Court has not given the stay, will the Government ensure that all such cases are cleared by 31st December 1991? These cases are more than three years old.

SHRI RAMEHSWAR THAKUR: According to the current policy of the Government and provisions of the Income-Tax Act all income-tax payees are supposed to submit their income-tax returns in time. The Government takes the amount of dues as 100% correct as shown in the returns. Small tax-payers do not have any problems. But the Government picks out 5% to 10% of the cases at random and scrutinizes them deeply. After scrutiny if it is found that additional amount is due, the tax payer is given the opportunity to either appeal or to pay the arrears. In this way, various cases are taken up. Appeals are considered by commissioners, tribunals or High Courts but minor cases are not referred to these bodies.

MR. SPEAKER: Mr. Minister, his question is a small one. He wants to know that will be done to expedite cases of small assessees.

SHRI RAMESHWAR THAKUR: Sir, those cases are also taken up.

(*Interruptions*)

[*English*]

SHRI RAM NAIK: I wanted an assurance from the Government that such cases will be cleared by 31st December, 1991. But the Minister has not answered to that question.

MR. SPEAKER: They are doing it. That is all.

SHRI SOMNATH CHATTERJEE: That will depend upon the assessee.

Bill Discounting Facility To Small Scale Sector

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*631. SHRI BALRAJ PASSI:
SHRI MAHESH KANODIA:

Will the MINISTER OF FINANCE be pleased to state: